



VOCABULARY

Name: _____

Date: May 2010

SOCIAL STUDIES > U.S. HISTORY > NEW DEAL

DEFINE explain the terms below in your own words

BLACK TUESDAY:

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NEW DEAL:

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FDIC:

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PUBLIC WORKS ADMINISTRATION:

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WORKS PROGRESS ADMINISTRATION:

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SOCIAL SECURITY ACT:

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FIRESIDE CHATS:

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Choose an additional term from the movie to define.

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SOCIAL STUDIES > U.S. HISTORY > NEW DEAL
IN DEPTH



WORK
PROGRAM



As Tim mentions in the movie, dozens of new agencies and programs were created during the New Deal. Since they were commonly known by sets of initials, they were nicknamed **Alphabet Soup Agencies**. Here's a look at some of them!

Works Progress Administration: The largest New Deal agency, the WPA put millions of people to work building 650,000 miles of road, 78,000 new bridges, and 125,000 buildings. The WPA also sponsored 225,000 concerts and almost 1.5 million pieces of art!

Civilian Conservation Corps: The CCC put hundreds of thousands of unemployed young men to work on conservation projects in rural areas. Participants lived in government-sponsored camps and worked at tasks such as forestry, preventing soil erosion, building trails in state and national parks, and fire suppression.

Farm Credit Administration: The FCA helped farmers recover from the Dust Bowl by allowing them to refinance their mortgages at lower interest rates.

Federal Deposit Insurance Corporation: By guaranteeing checking and savings deposits at banks across the country, the FDIC helped prevent bank failures.

Tennessee Valley Authority: During the Depression, the Tennessee River Valley was in desperate shape; the TVA put people to work by building dams, power plants, and power transmission lines. It also introduced modern farming methods to the area.

Federal Housing Administration: The FHA was created to improve housing standards and conditions, and to stabilize the mortgage market so that more Americans could afford homes.

SOCIAL STUDIES > U.S. HISTORY > NEW DEAL
LAWS & CUSTOMS

One of the most controversial events of the New Deal era occurred in 1937. Franklin D. Roosevelt had just been elected to his second term in a landslide, winning 60 percent of the popular vote and 46 out of 48 states.

With a large Democratic majority in Congress, Roosevelt hoped to expand the New Deal. However, there was one major obstacle: the Supreme Court. Most of the Court's nine justices were conservative-minded jurists, appointed by conservative Presidents, and they repeatedly ruled that a number of Roosevelt's programs were unconstitutional.



The Constitution gives Supreme Court justices lifetime appointments, so Roosevelt couldn't kick them off the bench. Instead, he seized on a loophole: The Constitution doesn't specify *how many* justices should serve on the Court, and the number of justices has been changed six times in the nation's history. So Roosevelt decided that he would appoint six new justices—one for each member of the court who was more than 70 years old.

He introduced a bill to Congress called the **Judiciary Reorganization Bill of 1937**, but it ran into stiff opposition. Critics felt that Roosevelt was trying to run around the Constitution, and that his actions would result in a fundamental imbalance of power.

In June 1937, the Senate Judiciary Committee issued a report that called Roosevelt's scheme a "needless, futile and utterly dangerous abandonment of constitutional principle... without precedent or justification," and his plan to "pack the court" came to an end.

REAL LIFE

The Great Depression had a disastrous effect on homeowners. Many banks failed, and many homeowners couldn't pay their mortgages (home loans).

As a result, banks became very hesitant to extend mortgages, and people who were trying to buy new houses often couldn't get the loans they needed. So, in 1938, as part of the New Deal, Franklin Roosevelt and Congress created a government-sponsored enterprise called the Federal National Mortgage Association (FNMA), nicknamed **Fannie Mae**.



Fannie Mae created what was called a **secondary mortgage market**. It bought mortgages from banks and lenders, encouraging them to lend money to people who might otherwise have been turned down.

As long as the mortgages met specific criteria—the borrowers had to be credit-worthy, and the mortgages couldn't be too big—Fannie was willing to take on certain risks. It would protect the lenders against losses if the borrowers defaulted on their mortgages, or if interest rates began fluctuating. Fannie wound up helping thousands of Americans buy their own homes, and it increased the amount of money available to lending institutions.

Then in 1968, the government turned Fannie Mae into a private corporation. And two years later, they created a second, almost identical enterprise—the Federal Home Loan Mortgage Corporation, or **Freddie Mac**—to compete with it.

By 2008, Fannie Mae and Freddie Mac had grown so huge that they owned or had guaranteed half of the nation's \$12 trillion mortgage market. Unfortunately, when the housing market collapsed that year, Fannie and Freddie went down with it. The two institutions were burdened by unpayable debts, and the government was forced to basically take them over.

SOCIAL STUDIES > U.S. HISTORY > NEW DEAL
PERSONALITIES



One of the most colorful—and controversial—figures of the Great Depression was **Huey P. Long**, who served as governor and senator for the state of Louisiana from 1928 to 1935.

Before the New Deal, Louisiana was dirt-poor; there were only 500 km of paved roads in the state, and one-quarter of the population was illiterate. Long campaigned under the slogan “Every Man a King,” and he routinely promised to improve the lives of Louisiana’s poor.

Once elected, Long began programs that distributed free textbooks to schoolchildren as well as built roads, bridges, hospitals, and schools. His programs also vastly improved Louisiana State University and attempted to reduce the influence of wealthy corporations.

Although he initially supported Franklin Roosevelt and the New Deal, he began criticizing it as soon as he reached the Senate. Long wanted a radical

redistribution of America’s wealth, and he introduced an economic plan called the “Share Our Wealth” plan, which would have limited the amount of money a single person could earn, inherit, or own. The extra funds would have enabled every American to enjoy a minimum annual income, free schooling, an old-age pension, and a 30-hour work week.

Nicknamed “the Kingfish,” the colorful Long, with his trademark white linen suit, railed passionately against the Federal Reserve System and the nation’s major banks—so much so that Roosevelt referred to him as “the most dangerous man in America” and tried to reduce his influence.

Long was also incredibly corrupt, and he personally had political control over almost everything in the state of Louisiana. He was assassinated in the Louisiana State Capitol in 1935.